

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN
HOWARD COUNTY RETIREMENT PLAN**

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

January 31, 2019

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Thursday, January 31, 2019 at 9:00 a.m. in the Columbia/Ellicott City Room of the George Howard Building, 3430 Court House Drive, Ellicott City, Maryland 21043.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer: Lonnie Robbins
Director of Finance: Janet Irvin
Budget Director: Holly Sun
Representative, Police Department Supervisory Employees:
 Jason Luckenbaugh
Representative, Fire and Rescue Supervisory Employees:
 Vincent Baker
Representative, Howard County Police Officers' Association, Lodge 21:
 Craig Hoover
Representative, International Association of Firefighters, Local 2000:
 Richard Ruehl

Members Absent

None

Employees Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer: Lonnie Robbins
Deputy Director of Finance: Angie Price
Employee Representative: Jeff Bronow
Representative, American Federation of State, County and
 Municipal Employees Local 3080: Kim Drennon

Representative, American Federation of State, County and Municipal
Employees Local 3085: Dale R. Chase

Members Absent

Budget Director Designee: Janssen Evelyn

Also present for all or a portion of the meeting were:

Steve Peters, County Auditor's Office
Lori Buchman, Department of Finance
Sima Taghavi, Department of Finance
Ann Sturner, Bolton USA
Thomas Lowman, Bolton USA
Paul W. Madden, Whiteford, Taylor & Preston L.L.P.
Teresa M. Reider, Retirement Coordinator
Scott Southern, Retirement Assistant
Jamar Herry, Office of Law
Jonathan Miller - Department of Finance
Ken Barnes - Pension Oversight Commission

Wanda Hutchinson acted as Chair of the meeting and Paul Madden acted as Secretary.

The minutes of the November 30, 2018 meeting was unanimously approved.

Wanda Hutchinson announced that Lonnie Robbins will act as the voting representative on both the Police and Fire Plan and the Employees Plan. Formerly, John Peterson was Lonnie's designee on the Employees Plan.

Tom Lowman of Bolton USA presented the July 1, 2018 actuarial valuation results for the Police and Fire Plan. Tom referred to an experience study that was presented to the Joint Committee on September 20, 2018. The experience study recommended demographic and salary scale assumption changes which resulted in an approximately 1% of pay increase in recommended funding.

In addition, Bolton is making the following recommendations regarding the investment return and inflation/COLA assumptions. The first recommendation is to decrease the investment return assumption from 7.50% to 7.45%. The second change is to reduce the COLA assumption from 2.75% to 2.70%. The COLA for the Police and Fire Plan continues to be capped at 2%. Bolton also recommends that the Joint Committee revisit these assumptions each year and consider further reductions.

Tom noted that the 2017 actuarial valuation included a recommended employer contribution of 33.1% of pay for fiscal year 2019. If the Committee adopts the recommended changes to the investment return and COLA assumptions, the recommended employer contribution for fiscal year 2020 will be 35.4% of pay. If the Committee does not accept the recommended changes to the investment return and COLA assumptions, the recommended contribution as a percent of payroll will be 34.6%. Tom noted that over the last 10 years, the County's contribution rate has ranged between 26.3% and 33.1% of covered payroll. The highest contribution rate was 32.5% for the fiscal year ending June 30, 2018.

The Plan's funded ratio on an actuarial basis was 83.3% using the 7.45% investment return assumption and the 2.70% COLA assumption.

Next, Ann Sturner of Bolton presented the July 1, 2018 actuarial valuation results for the Employees Plan. Ann noted that the experience study presented on September 20, 2018 recommended a number of demographic and salary scale assumption changes. In addition to these changes, Bolton recommends changes to the investment return and inflation/COLA assumptions that are identical to those of the Police and Fire Plan. If the Joint Committee adopts the recommended changes, the Plans' funded percentage will be 95.8%. Ann reviewed the County's historical contribution rates since June 30, 2011. These have ranged from 11.5% to 13.5%.

In conclusion, Bolton noted that each Plan is reasonably funded on both market value of assets and actuarial value of assets bases. Furthermore, funding levels have been improving.

A motion was made and seconded by the Committee for the Police and Fire Plan (1) to decrease the investment return assumption from 7.50% to 7.45%, and (2) to reduce the COLA assumption from 2.75% to 2.70%. After discussion, the Committee unanimously voted to approve the assumption changes.

A motion was made and seconded by the Committee for the Employees Plan (1) to decrease the investment return assumption from 7.50% to 7.45%, and (2) to reduce the COLA assumption from 2.75% to 2.70%. During the discussion on the motion, Dale Chase stated his belief that the Committee needs to change the risk profile of the Plans and that the modest assumption changes recommended by Bolton are insufficient to do so. The Committee for the Employees Plan approved the assumption changes by a six to zero vote with Dale Chase abstaining.

Next, Angie Price reviewed the Investment Monitoring Policy for the Plans and presented the Joint Committees with an updated January 31, 2019 policy. During the course of the discussion, members of the Committee addressed Exhibit A and noted that the Plans' trustees (i.e., the Committees) have a role in risk assessment. A motion was

made and seconded to adopt the Investment Monitoring Policy with a change to page 13 to reflect the role of the Committees. The motion was unanimously adopted by both Committees.

Scott Southern presented recommended changes to the disability retirement procedures for the Employees Plan and discussed the reasons for each of the recommended changes. The consensus of the Committee was that the recommended changes are appropriate. Scott will present revised disability retirement procedures for adoption by the Committee for the Employees Plan at a later meeting.

At 10:43 a.m., a motion was made by Dale Chase and seconded by Kim Drennon to close the meeting pursuant to General Provisions Article § 3-305(b)(14) to discuss, before a contract is awarded or bids are opened, a matter directly related to a negotiating strategy or the contents of a bid or proposal if public disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process. Wanda Hutchinson, Lonnie Robbins, Angie Price, Janssen Evelyn, Jeff Bronow, Dale Chase and Kim Drennon all voted in favor of the motion. There were no negative votes, absences or abstentions.

At 10:44 a.m., a motion was made by Richard Ruehl and seconded by Jason Luckenbaugh to close the meeting pursuant to General Provisions Article § 3-305(b)(14) to discuss, before a contract is awarded or bids are opened, a matter directly related to a negotiating strategy or the contents of a bid or proposal if public disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process. Wanda Hutchinson, Janet Irvin, Lonnie Robbins, Holly Sun, Jason Luckenbaugh, Vincent Baker, Craig Hoover and Richard Ruehl voted in favor of the motion. There were no negative votes, absences or abstentions.

Paul Madden, Jamar Herry, Scott Southern, Sima Taghavi and Lori Buchman were present during the closed session at the invitation of the Joint Committee.

During the closed session, the Committee discussed the RFP process for investment consultants.

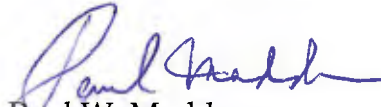
At the conclusion of the closed session, the Chair reopened the meeting. Upon motion duly made, seconded and unanimously approved, the Committee for the Police and Fire Plan unanimously adopted the recommendation of the Investment Consultant RFP subcommittee to hire New England Pension Consultants as the investment advisor for the Plans.

Upon motion duly made, seconded and unanimously approved, the Committee for the Employees Plan unanimously adopted the recommendation of the Investment

Consultant RFP subcommittee to hire New England Pension Consultants as the investment advisor for the Plans.

There being no further business, the meeting adjourned.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul W. Madden", is written over a faint, circular official stamp.

Paul W. Madden
Secretary of the Meeting

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